

Kees Stoute on the Virtues of Laser-Guided Private Banking and the Beauty of Hong

EFG International, which is today one of the largest Swiss private banks, has undergone a truly transformative journey since its founding in 1995. A major transaction was announced back in 2016 when EFG started the acquisition of one of the oldest private banks in Switzerland, BSI, for nearly CHF1 billion. Buoyed by that deal, which has now been fully absorbed, EFG has a growing international footprint with a presence in around 40 locations worldwide. Expansion in the Asia Pacific region has been driven both organically and by acquisition, the latest and most notable of which the 2019 deal to buy control of Australian wealth management firm Shaw Partners. And meanwhile, the bank continues to build its private banking expertise and reach from its Singapore and Hong Kong banking headquarters for the region. Hubbis recently enjoyed a conversation with Kees Stoute, CEO of EFG Bank in Hong Kong, a veteran of both the region and of EFG who has an incisive understanding of the key changes taking place in private banking globally and within Asia. The author also in 2012 of a book titled 'Help, I'm Rich', Stoute has both a keen wit and deep empathy with Asian culture garnered over nearly 25 years in the region. He believes that adopting a value-added mindset to truly engage with and deliver for wealthy clients in the region, EFG, armed with its upgraded platform rolled out in recent years, will continue to enjoy a rosy future.

EFG continues to develop its strategy 2022, with Asia Pacific core to its vision. With assets under management (AUM) of approximately CHF148 billion, EFG International is one of the top ten Swiss private banks and also listed on the SIX Swiss Exchange.

EFG's wealth management offering today encompasses investment solutions (discretionary mandates and advisory mandates), wealth solutions (from corporate finance or succession planning to retirement provision) and financing solutions (including a range of financing facilities to construct investment portfolios).

EFG's group-wide Investment Solutions platform handles all asset management activities and provides global guidance and coordination on advisory and product management, and EFG offers a globally diversified trading and execution business serving sophisticated private and institutional clients as well as many external asset management firms, a key focus area of the bank..

Asia Pacific: central to EFG growth

As part of the 2022 strategic plan, which it announced in March 2019, the bank is on an ambitious growth trajectory globally and particularly in the Asia Pacific region, exemplified by the strategic acquisition of control of the Australian financial services provider Shaw and Partners.

Building on EFG's strong base in the region, which has been established over the last two decades, EFG is keen to leverage its strengthened platform and its distinctive value proposition to further strengthen its market position in the Asia

Pacific region, supported by its entrepreneurial approach, and its high-quality talent pool of experienced Client Relationship Officers (CROs).

Evolving the proposition

"The wealth management industry has in recent years been shifting its mindset, its products, solutions and talent towards a far more client-centric model than had been the norm in recent decades," Stoute observes. "Private banks had been broadening their proposition far beyond investments, deep into wealth and estate planning and in order to ensure a bright future making sure the client is centre of all discussions and is delivered with the best advice and solutions."

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Like its competitors, EFG has been driving its business model to become truly the trusted advisors to their clients by offering higher value-added advice, insights and solutions, all delivered by CROs whose skills and productivity are continuously being honed by training and enhanced also by advanced digital tools and solutions to help the CROs thereby become more client-relevant and responsive.

A platform to growth

Stoute reports that EFG has spent the last few years significantly improving the overall platform and is therefore now in a good

position to drive growth. "With the platform now fully in place," he says, "we have set about boosting the value-adding offering, building truly open architecture, and driving towards greater predictability of revenues as the bank focuses talent and effort on the advisory and DPM propositions."

Stoute through EFG's Singapore and now Hong Kong banking operations, has been at the cutting edge of much of this progress. Despite the major headwinds of 2020, he remains remarkably positive about Asia, noting how rapidly China's economic rebound has taken place already.

Opportunities ahead

"Asia more broadly will likely demonstrate a rapid and robust recovery from this global pandemic in terms of economic growth," he says, "so if there is anywhere in this world offering an opportunity to significantly grow your business, then I think it is in Asia. And therein lies the reason why competition in private banking and wealth management remains intense."

He acknowledges that the most difficult challenge this year has been to develop new business when it has been impossible to travel and meet clients.



KEES STOUTE
EFG

“Clearly, we have digital engagement with clients, and this has become entirely the accepted norm,” he comments, “and alongside this, we have seen accelerated digital transformation in the industry, not simply talking to clients online, but expediting online presentations and portfolio reviews, online identification for onboarding, and so forth. You may expect that even when we would go back to what we would normally call ‘normal’ the whole digital connectivity will remain for the future, and even more so perhaps.”

Seeing through the mists

But Stoute also comments that the pandemic has meant the banks must keep a keen eye on where the wealth is likely to be generated henceforth. “Some people have, unfortunately, really faced difficult times,” he observes. “They might have been doing super well before the pandemic and others who might have been performing less well have suddenly outperformed due to the business sectors that they are in. This means the landscape of wealth generation is evolving, and we need to be alert to this.”

Getting Personal with Kees Stoute

Kees Stoute re-joined EFG in 2017 as CEO for the bank in North Asia, reporting directly to EFG’s Group CEO, Mr. Giorgio Pradelli.

Stoute had earlier been CEO for EFG in Singapore until 2012, after serving as the regional CEO for MeesPierson Private Banking from 2000 until 2007. Then, after moving back to Holland for family reasons in 2012, Stoute continued to be active in the private banking industry – including writing the book ‘Help, I am Rich’, published in 2015 by Wiley.

Stoute has therefore enjoyed a distinguished career spanning the academic, IT & operations and private banking sectors, and has nearly 25 years’ experience in Asia, most of the time spent in Singapore.

He has also enjoyed different disciplines. In fact, at MeesPierson from 1992 to 1996 he was regional head of IT, and accordingly has a deep and long understanding of digital transformation and technology for the industry. In 1996, he was promoted to the position of chief operating officer of Fortis/MeesPierson in Singapore. In that position, he became a member of the regional management team of MeesPierson Private Banking. In April 2000, he moved on to become managing director of the business line private banking and trust in Asia for MeesPierson and it was in 2002 that he was also promoted to managing director of MeesPierson Asia Ltd in Singapore.

His list of achievements does not stop there. In 2011, Stoute actually became one of the first in Singapore to be certified by the regulator in Singapore (IBF) as Financial Industry Certified Professional (FICP – Role Model 6), now called IBFA. In the same year, he was also invited to participate in the Private Banking Industry Group, a consultative forum which was established by the Monetary Authority of Singapore (MAS) to further strengthen the competency and market conduct standards of the private banking industry in Singapore.

“I think my diverse background and experience has helped me tremendously in my CEO role,” he comments, “because I understand the operational side, I understand the IT side - although not the same sophistication level of IT anymore - but at least I can communicate with people working in the IT side. And of course, on the commercial side I have gained a pretty broad overview of the entire industry, have had to deal with various regulators in Europe, the UK, and of course, Hong Kong and Singapore. It has been an enjoyable and interesting ride so far.”

Stoute hails originally from the city of Haarlem in the Netherlands and was educated in Amsterdam in the Vrije University, Master’s in Political Science. Married and with three children aged between 18 and 22, he still loves life in Hong Kong, where thanks to the pandemic he has spent more time out in nature, hiking. “I find great beauty here; I feel Hong Kong’s beauty is very underrated.”

Looking ahead, Stoute acknowledges that there are still many uncertainties, and that the worst-case scenario of total economic meltdown cannot be ignored. “Clearly, with the growing polarisation there is still political instability in the US. One should remain aware of the significant debt of quite a few European countries. There is the tension between the US and China as well as Russia. There is still the Middle East (e.g. Israel/Iran). In short, it is hard to predict the socio-political and economic weather. We can only hope that once the

experienced bankers from the industry, which is really the core way for a bank like EFG to grow. We have a great (and still unique) platform, a great offering, and therefore I can say the highest priority is to build our talent pool and leverage the very considerable advances we have achieved with the platform and the overall proposition.”

He concedes it has been a difficult year for the bankers. “If you were an established banker and you have been with EFG for 10 years, and you have a client base, then you are less dependent for your business

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worse of this pandemic is behind us and with the new leadership in the US we enter an era of relative geopolitical tranquillity, fuelling international growth and international harmony. And hopefully with more focus on ESG.”

Key Priorities

Stoute reports that as EFG has spent the last few years significantly improving the overall platform, the bank is therefore now in a good position to drive growth.

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model on growing your client base, so you are able to hang on for the meantime with the clients that you have, thereby sustain a decent business, assuming of course that these clients are still economically viable. But if you are relatively new or you have to grow the base, and your clients happen to be overseas, in Taiwan or in China, then it has been a nightmare year, as it is extremely difficult to gather new clients without seeing them in person.”

An excellent IAM partner

Another key priority for EFG is to further build its IAM/EAM proposition and relationships. “As you know, in Hong Kong



we onboarded the IAM team from UBS, and they are now really gathering momentum with us. Again, as Hubbis is fully aware, the independent wealth management segment seems to be growing well, and mathematically it makes a lot of sense for EFG, as each good relationship with an established IAM translates to a lot of clients transacting through our platform. In short, it helps us grow exponentially.”

Stoute maintains that EFG’s proposition for such IAMs is today second to none. “We understand this business very well, it has been core to our success over many years in Europe, and we are replicating the model in this region, successfully I am pleased to say. We not only offer IAMs a great platform, but of course, excellent

product support, investment and IT support, network connectivity, and people who truly understand the IAM business very well.”

He adds that he always characterises the origins of EFG as somewhat of a hybrid between a traditional private bank and an IAM. “Looking back at our history, EFG has become so successful because we are both entrepreneurial and dynamic, but has successfully evolved within a relatively short period of time into a fully-fledged, well-regulated bank with size and solidity. EFG’s DNA makes us perfect for truly connecting so well with the IAM community.”

Bright days ahead...

Stoute closes the discussion with the observation that private banking must continue to evolve, that it

cannot stand still. There is a great danger in standing still and relying on the older revenue models, driven largely by ad hoc revenues.

“We must really strive to add real value, and that is not simply processing transactions, which is a race to the bottom,” he opines. “The added value has to come from - and this is not my favourite word, but it works - it must come from a genuinely holistic approach, to be able to truly communicate with clients and their families about their lives and how to make their money work for them in the long term, whilst considering the sustainability of this planet. If you can achieve that, you have a beautiful business and wonderful relationships that will last for years. I am optimistic about our ability to rise to this challenge and embrace a beautiful future ahead.” ■

